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COMMUNIST CHINA - INDIA: The abrupt return of the Chinese chargé d'affaires in New Delhi to Peking suggests the two countries may see advantage in a warming of their diplomatic relations.

As the South Asia crisis has sharpened, the Chinese have maintained a "correct" and largely hands-off attitude toward events on the subcontinent, carefully avoiding public actions or statements that might exacerbate the situation. Peking has been far from effusive in support of Pakistan, and apart from Chou En-lai's letter of support to Yahya Khan last April--which itself was publicized by Islamabad but not by China--has kept reportage and comment on the East Pakistan dispute to a minimum since the start of hostilities in East Pakistan. The Chinese have permitted a modest flow of arms to the Pakistanis, and have promised additional "replacements" for material destroyed in war, but appear to have done little more in this sphere.

At the same time Peking has been careful to keep the door open to India. Subtle signs that the Chinese were not averse to an improvement of relations with New Delhi were apparent well before the East Pakistan crisis erupted. In recent months, Indian diplomats in Peking report that the Chinese have gone out of their way to indicate cordiality, and China has invited an Indian ping-pong team to Peking next month. Strikingly, the Chinese have maintained public silence on the Indo-Soviet treaty signed last August.

The Indians themselves have dropped several hints during the past few months that they wished to improve relations with China. New Delhi would calculate that this would tend to reduce Pakistani intransigence and reduce the chances

[redacted] that China would intervene in a war on the subcontinent. The trip of the Chinese chargé

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has touched off a new set of rumors [REDACTED]

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[REDACTED] that Sino-Indian relations are about to be raised to the ambassadorial level for the first time in nearly a decade.

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[REDACTED] The Chinese, for their part, probably calculate that, although Pakistan would be resentful, better relations with New Delhi would help them neutralize Soviet influence in India while enabling Peking to counsel restraint both to the Indians and to the Pakistanis. (SECRET NO FOREIGN DISSEM)

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UN-PAKISTAN: Secretary General Thant has decided to move immediately to upgrade the UN's relief operations in East Pakistan despite continuing problems with the Pakistani Government.

The new program will nearly triple the number of UN personnel in East Pakistan by the end of November. Thant plans to have relief teams stationed in nine different locations, a procedure that should permit more efficient distribution of assistance than the current practice of sending mobile units out from Dacca. The Pakistani Government, which has agreed to the mobile units, has balked at signing a status agreement to permit the fixed stationing of teams. Because the UN secretariat could face severe problems if the lack of a stationing agreement became known, it will try to maintain the fiction that all units are mobile.

Secretariat officials have told the US that the food supplies pledged by the international community are now largely in hand. The requirement of 1,000 trucks under UN control to move these supplies has also been satisfied, if pledges received are met. Inland water transport also will be needed.

Thant's initiative reflects his deepening concern that the situation in the subcontinent is deteriorating and that the international community's role must be bolstered. The problems over relief operations have been especially troublesome to him, because he lacks a formal mandate from either the Security Council or the General Assembly to place UN units in Pakistan. Thant had wanted an agreement with Pakistan to avoid any legal disputes, but he now appears determined to proceed without one for the time being. (CONFIDENTIAL NO FOREIGN DISSEM)

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BURUNDI: President Micombero has enlisted the support of the army to counter the challenge to his authority by a radical faction within the government.

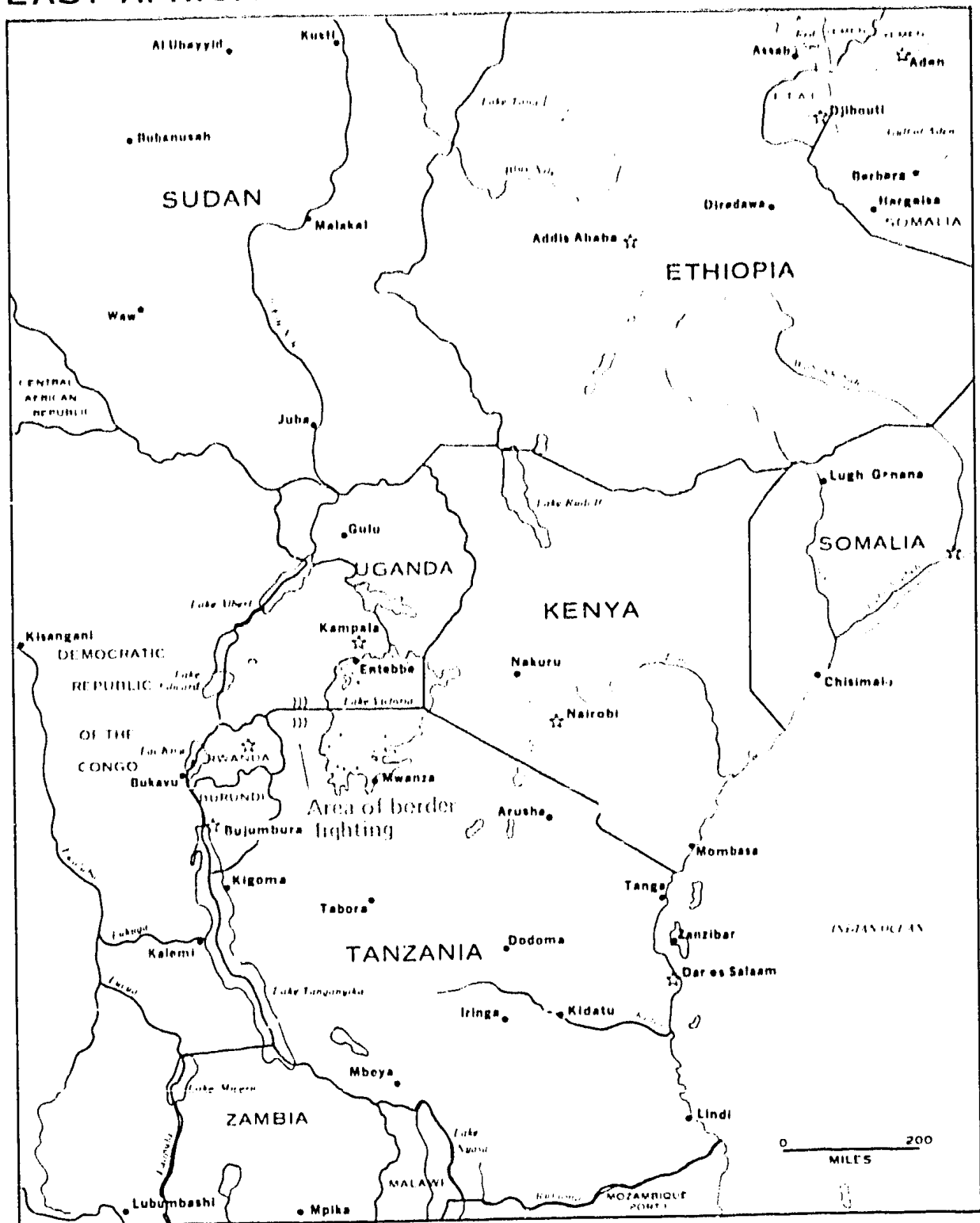
On 19 October Micombero established a Supreme Council of the Republic composed of the army commander and 26 other officers. The council is charged with aiding the President in his mission as head of government and is aimed, according to the official announcement, at those who place personal interest above the common good and "try to create false problems."

Micombero's move comes none too soon. A radical faction within his government, led by Foreign Minister Simbananiye and Justice Minister Shibura, has been gaining strength over the past several months. It first discredited moderate opponents by manufacturing charges of anti-government plotting against several leading officials, including the ministers of economics and information. The radicals, who come from Micombero's home region, apparently overestimated their ability to influence the President, however, by pushing ahead with resumption of diplomatic relations with Peking, despite Micombero's earlier objections.

Now that Micombero is reasserting his authority, a cabinet reshuffle seems likely in the near future. Although Simbananiye and Shibura have increased their power significantly in recent months, it is doubtful that they have the strength to withstand the strong backing the army apparently is giving Micombero. (CONFIDENTIAL)

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UGANDA-TANZANIA: The border fighting that erupted earlier this week was the most serious since Ugandan and Tanzanian troops clashed briefly last August. Official accounts differ, with each side accusing the other of starting the skirmishes. Action reportedly consisted of exchanges of mortar fire and Ugandan air strikes. Uganda announced that it had suffered 22 civilian deaths, while Tanzania claims that it had no casualties, but neither claim has been confirmed. The latest fighting may have been triggered by another chance encounter between skittish border units. Nevertheless, recent inflated press reports and rumors of arms acquisitions by both countries have resulted in mounting distrust that could bring about further clashes. (SECRET NO FOREIGN DISSEM)

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JORDAN-FEDAYEEN: Fatah leader Yasir Arafat is visiting Moscow, apparently in search of arms and moral support for his stand in the negotiations with King Husayn. US Embassy reports from Amman suggest that Arafat personally may be ready to accept the King's stringent controls on fedayeen activity, but it is uncertain whether he can bring other more extremist leaders to accept such a capitulation to Husayn's demands. There are indications, however, that the more moderate elements are gaining new strength within the movement. This trend may lead to at least a tacit acceptance of the King's terms in order to preserve a fedayeen presence in Jordan. (SECRET NO FOREIGN DISSEM)

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FINLAND: The seven-month-old government is in danger of collapse. The Social Democratic and rural-based Center parties, the most important in the center-left coalition, are stalemated over next year's agricultural price supports. Prime Minister Karjalainen has warned that a failure to compromise will force the government to resign and call new elections. Apparently neither party fears new elections, the Socialists expecting to profit from disarray in the Communist Party and the Center hoping to recover votes lost to a rival rural party in last year's elections. Nevertheless, a special commission is making a final effort at compromise. Still to be heard from is President Kekkonen, who has been out of the country, but who in recent months has been taking an unusually active role in economic decision-making. (CONFIDENTIAL)

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EC-NORWAY: In an effort to bring all the EC enlargement negotiations to an early conclusion, the EC has made substantial concessions to Norway. Following its acceptance earlier this week of Ireland's export tax relief system, the EC has now granted Norway a two-year period in which to move gradually toward community agricultural price levels; thereafter the situation would be reconsidered. The implication of this decision is that direct subsidies by Norway to its farm sector will be allowed for some time after EC entry. This compromise should help the Norwegian Government obtain popular approval of entry when the required referendum is held next year. The EC still has problems with both Norway and Ireland on a common fishing policy. (CONFIDENTIAL NO FOREIGN DISSEM)

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VENEZUELA: The government is moving ahead with its previously announced plans to reserve the entire domestic petroleum products market for CVP, the state-owned oil company. It plans to introduce legislation in Congress to raise immediately CVP's market share to 50 percent from its current level of 22 percent, and thereafter progressively to increase the company's participation to 100 percent. Foreign oil companies, in sharp contrast to their worries about other recent petroleum legislation, are not unduly concerned about the impending bill because they have been resigned for several years to eventual loss of the small domestic products market. A controversial issue could arise, however, over the amount of compensation the companies will receive for their service stations and other related facilities. (CONFIDENTIAL)

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